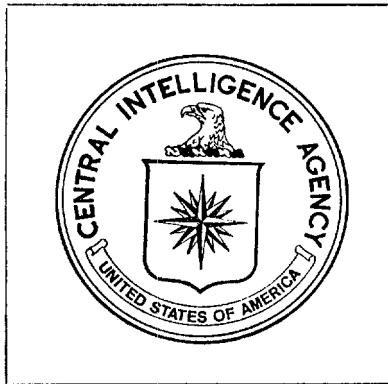


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*Soviet and East European-Owned Banks in the West*

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ER RP 75-32  
December 1975

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## SOVIET AND EAST EUROPEAN-OWNED BANKS IN THE WEST

### SUMMARY

1. The USSR has roughly tripled its Western-based banking facilities over the last decade and now has a network of seven banks and three branches operating in nearly all the major financial centers. The banks' combined assets exceed \$6 billion, and the two largest banks -- Moscow Narodny Bank and Banque Commerciale pour l'Europe du Nord -- are among the largest banks in London and Paris. The East Europeans have also increased the number of their banks in the West and now have 11 such facilities; six are jointly owned with Western partners.

2. The expansion of the network of Western-based banks has enhanced the overall ability of the USSR and the East European countries to tap outside sources of funds, particularly the Eurodollar market. Publicized syndicated loans in which these banks participated raised at least \$1.2 billion for the USSR and Eastern Europe and at least another \$1.2 billion for Cuba and Yugoslavia during 1974-75. This is in addition to several hundred million dollars raised for Eastern Europe without the participation of their Western-based banks. Although the volume is not large in the context of total East-West trade, the banks give the USSR and Eastern Europe needed flexibility when faced with short-term financial difficulties.

3. The Western-based banks also have generated moderate profits for their Communist owners. These banks also perform a number of useful functions behind a greater veil of secrecy than is normally characteristic of Western banks -- e.g., selling Soviet gold.

### DISCUSSION

#### Introduction

4. This publication discusses the development of the Soviet and East European banks in the West, their role in East-West trade, and their increased activity in Eurodollar markets. The Soviet-owned banks are well-known financial institutions, and more information on their activities is available than on the Western-based banks of the East European countries. This publication consequently will emphasize the activities of the Soviet-owned banks.

Note: Comments and queries regarding this publication are welcomed. They may be directed to [redacted] of the Office of Economic Research, [redacted]

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*This announcement appears as a matter of record only*

May 1975

**U.S. \$ 250,000,000**  
(Medium Term loan)

**Bank for Foreign Trade of the U.S.S.R.**  
(Vneshtorgbank)

*managed by :*

**Lazard Frères et Cie    Banque Nationale de Paris    Morgan Guaranty Trust  
Company of New York**

**Algemene Bank Nederland N.V.**

**Banque Commerciale pour l'Europe du Nord (Eurobank)**

**Barclays Tozer Limited**

**Canadian Imperial Bank of Commerce**

**Compagnie Luxembourgeoise de Banque S.A. (Dresdner Bank Group)**

**Crédit Suisse**

**The Royal Bank of Canada (France)**

*provided by :*

Banque Nationale de Paris	Morgan Guaranty Trust Company of New York	Algemene Bank Nederland N.V.
Banque Commerciale pour l'Europe du Nord (Eurobank)	Canadian Imperial Bank of Commerce	
Compagnie Luxembourgeoise de Banque S.A.	Crédit Suisse (London Branch)	R B C Finance B.V.
Banque de Bruxelles S.A.	Deutsche Genossenschaftskasse	Barclays Bank International Limited
Amsterdam-Rotterdam Bank N.V.	Anglo-Romanian Bank Limited	Banque Canadienne Nationale (Europe)
Banque de Paris et des Pays-Bas	Midland Bank Limited	Moscow Narodny Bank Limited
Groupe du Crédit Industriel et Commercial	Bank of New South Wales (London Branch)	National Bank of North America
Lazard Brothers & Co., Limited	Badische Kommunale Landesbank-Girozentrale	Bank Mees & Hope N.V.
Bank of Scotland	Banque Franco-Roumaine	Banque de la Société Financière Européenne
Banque Worms	The Commercial Bank of Australia Limited	Banque de l'Union Européenne
Coöperatieve Centrale Raiffeisen-Boerenleenbank	Ga-Centrale Rabobank	Crédit Commercial de France
Crédit Lyonnais	Crédit du Nord et Union Parisienne	Deutsche Girozentrale International S.A.
Genossenschaftliche Zentralbank A.G.	Girozentrale und Bank der österreichischen Sparkassen A.G.	
Hypobank International S.A.	Midland and International Banks Limited	Samuel Montagu & Co. Limited
The National Bank of Australasia Limited	Provincial Bank of Canada	Rabomerica International Bank N.V.
The Royal Bank of Scotland Limited	Skandinaviska Enskilda Banken	Société Générale
Toronto Dominion Bank		Société Générale de Banque
		World Banking Corporation Limited

*Agent Banks :*

**Banque Nationale de Paris**

**Morgan Guaranty Trust  
Company of New York**

Euromoney August 1975

## Development of Soviet and East European Banks in the West

5. The rapid expansion of East-West trade has been accompanied by the expansion of the Soviet and East European banking network in the West.<sup>1</sup> Until 1963 the USSR had three banks in the West -- Moscow Narodny Bank (MNB) in London, Banque Commerciale pour l'Europe du Nord (Eurobank) in Paris, and Bank Russo-Iran in Tehran -- but now Moscow has seven banks and three branches in the major financial centers of Europe, the Middle East, and Asia.<sup>2</sup> The USSR began expanding its banking network in the West when MNB opened its first branch in Beirut in 1963; it opened a second in Singapore in 1971. The USSR also established Wozchod Handelsbank in Zurich in 1966, Ost-West Handelsbank in Frankfurt in 1971, and Donaubank in Vienna and the East-West United Bank in Luxembourg in 1974. Some time in late 1974 or early 1975, the Bank Russo-Iran opened a branch in Isfahan. By the end of 1974, total assets of the Soviet-owned banks grew to more than \$6 billion, about 28 times the 1958 level (see the table).

6. Four of the present day Western-based East European banking facilities were established before World War II -- the Vienna branch of the Hungarian-owned Central Wechsel- und Creditbank, the Paris branch and Tel Aviv agency of the Polish-owned Bank Polska Kasa Opieki, and the London branch of the Czechoslovak-owned Zivnostenska Banka. East European expansion began in 1966, and the network now consists of one bank and three branches that are wholly-owned,<sup>3</sup> six banks in partnership with Western banks, one agency, and 13 representative offices<sup>4</sup> -- a total of 24 banking facilities.<sup>5</sup> The new banks include

1. East-West trade referred to in this publication is trade of the USSR, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania with the non-Communist world, which grew from \$6 billion in 1958 to \$58 billion in 1974. During this same period, the trade of these countries with the developed Western countries increased from \$3 billion to \$42 billion.

2. For a complete list of Soviet and East European banks, see Appendix A, and for detailed information on the Soviet-owned banks, see Appendix B.

3. Bulgaria may have since acquired total ownership of the Litex Bank in Beirut.

4. A representative banking office functions as a liaison between the parent bank and the business and financial community where the representative office is located. Thus, it serves to make and maintain contacts, promote trade, and otherwise "represent" the parent bank. In contrast to a fully operating bank or branch, it cannot accept deposits, make loans, or engage in foreign exchange transactions. The East European representative offices in the West include the London, Frankfurt, and Rome offices of the Romanian Bank for Foreign Trade/ the Beirut and New Delhi offices of Ceskoslovenska Obchodni Banka/ the London offices of the Bulgarian Foreign Trade Bank and the Litex Bank/ the London and New York offices of Bank Handlowy w Warszawie/ and the Paris, Zurich, Frankfurt, and Beirut representative offices of the National Bank of Hungary.

5. For detailed information on the East European-owned banks, see Appendix C.

Assets of Soviet-Owned Banks in the West<sup>1</sup>

	Million US \$					
	Moscow Narodny	Eurobank	Russo- Iran <sup>2</sup>	Wozchod	Ost-West	Total
1958	24	198	N.A.	....	....	222
1959	151	380	N.A.	....	....	531
1960	156	360	N.A.	....	....	516
1961	219	426	N.A.	....	....	645
1962	291	503	N.A.	....	....	794
1963	520	550	7	....	....	1,077
1964	573	570	N.A.	....	....	1,143
1965	653	632	N.A.	....	....	1,285
1966	702	662	N.A.	9 <sup>3</sup>	....	1,373
1967	719	774	14	42	....	1,549
1968	775	843	16	61	....	1,695
1969	797	954	N.A.	72	....	1,823
1970	873	1,111	N.A.	81	....	2,065
1971	1,000	1,281	28	95	6 <sup>4</sup>	2,410
1972	1,371	1,747	29	111	171	3,429
1973	1,942	2,362	49	136	408	4,897
1974	2,621	2,797	62	N.A.	559	6,200 <sup>5</sup>

1. End-of-year assets. Converted from national currencies to US dollars at the appropriate exchange rates.
2. Mid-March of each year (end of Iranian calendar year).
3. Estimated.
4. Subscribed capital.
5. Estimated, assuming some growth in Wozchod's assets.

the Litex Bank (Beirut, 1966), established with Bulgarian participation; the Banque Franco-Roumaine (Paris, 1971) and the Anglo-Romanian Bank (London, 1973), established with Romanian participation; the Mitteleuropaische Handelsbank (Frankfurt, 1973), Centro Internationale Handelsbank (Vienna, 1973), and Handlowy Bank for the Middle East (Beirut, 1974), established with Polish participation; and the wholly-owned Hungarian International Bank (London, 1973). The 13 representative offices were opened during the late 1960s and early 1970s. The assets of these banks cannot be determined but probably are well under \$1 billion. East Germany, the only East European country without some type of banking facility in the West, apparently relies upon its correspondent relations with Western banks for representation.

#### Initiative for New Banking Facilities

7. From time to time, Soviet banking officials have indicated a desire to establish banks, bank branches, or representative offices in the United States and

Canada and in countries in Latin America, Western Europe, and Asia. In 1975, for example, it was reported that the new Soviet bank in Luxembourg, East-West United Bank, intends to open branches in Antwerp and Amsterdam and that there have also been negotiations on the possible establishment of a jointly-owned Arab-Soviet bank. In a novel development in 1975, MNB opened a representative office in Moscow – the fifth "British" bank to do so – to better serve its Western clients, and Ost-West Handelsbank declared that it, too, was seeking to open such an office there.<sup>6</sup>

8. Concern about the possible nationalization of foreign banks in less developed countries may affect some of those Soviet plans. MNB, for example, had completed plans to set up a branch in K rachi, Pakistan, but when Pakistan nationalized its domestic banks in early 1974, MNB abruptly canceled its plans. The climate is not so hostile in Iran, however, and Bank Russo-Iran is quite active in domestic banking business and has opened a branch in Isfahan within the past year.

9. Since the mid-1960s, Soviet officials have indicated an interest in establishing a banking facility in New York. The current high volume of US-Soviet trade could now justify a Soviet bank there. Moreover, the Soviets could use the important New York money market as a supplement or alternative to the Eurocurrency market. Access to the New York market would be particularly useful to the USSR in organizing funds for third country projects as it has done for Turkey<sup>7</sup> and reportedly might do for Brazil. The establishment of a branch office of MNB or an independent bank in New York, however, has never advanced beyond the talking stage. The USSR has long sought to open a bank in Tokyo, but without success. In 1968, Japan reportedly was prepared to oblige the USSR on the condition that the Soviets allow the opening of a Japanese bank in Moscow. Although Western banks have been permitted to open representative offices in Moscow since 1972, this has not satisfied the Japanese, who still demand full reciprocity.

10. Among the East Europeans, only Poland and Hungary have expressed an intention to extend their respective banking networks. Poland has specifically

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6. The motivations of MNB and Ost-West Handelsbank are probably to secure their own competitive position with the roughly 25 Western banks that have opened representative offices in Moscow since 1972.

7. In October 1975, Vneshtorgbank, Merrill Lynch-Brown Shipley Bank, and seven other Western banks successfully completed the syndication of a 5-year, \$150 million consortium loan for Turkey to finance an oil pipeline project in that country. Twenty-nine banks, including Vneshtorgbank and Eurobank, participated in the loan.

mentioned such markets as Japan, France, Switzerland, and the United States. Bank Handlowy already has a representative office in New York and may decide to open an operating branch. Another logical site for a Handlowy branch is Chicago. The recent approval for First National Bank of Chicago and Banque National de Paris to open representative offices in Warsaw should help smooth the way for further expansion of Polish banks in the West. Bulgaria, East Germany, Hungary, and Romania also have recently authorized Western banks to establish representative offices in their respective capitals, thereby creating the proper atmosphere of cooperation that may help them to increase their own representation in the West should they wish.<sup>8</sup> In August 1975 it was reported that a Romanian-Egyptian bank would open in Cairo with 51% of the bank's capital held by Egypt.

### Organization and Policy of the Western-Based Banks

#### *USSR Banks*

11. The USSR State Bank (Gosbank) and the USSR Foreign Trade Bank (Vneshtorgbank) are the major shareholders of the Soviet-owned banks in the West and dictate their policies. Authorities in Moscow establish credit ceilings under which these banks make available individual credits to Communist countries as well as to an increasing number of "client" countries of the Third World. Otherwise, the Soviet-owned banks apparently are free to make their own decisions on loans. Soviet citizens generally occupy the key posts, ensuring adherence to guidelines set by Moscow. Otherwise, the banks are staffed by local nationals who are hired for their banking expertise rather than ideology. The bank managements adhere to the laws and customs of the countries in which they are incorporated and are largely autonomous in operational matters.

12. The maintenance and expansion of its network of Western-based banks has increased Moscow's ability to tap outside sources of funds as well as to participate in the foreign exchange and Eurocurrency markets. These banks also enhance the USSR's international prestige because of their high visibility and the solid reputation built up by Soviet bankers over the years. The Soviet banks are also profitable: MNB and Eurobank together earned net profits of more than \$9 million in 1974, a return on capital of about 15%.<sup>9</sup>

8. The Manufacturers Hanover Trust office in Bucharest reportedly is engaged in branch banking.

9. Since early 1960 these profits have regularly been retained and transferred into reserves or used to increase the banks' capitalization, thereby providing for further expansion.

### *East European Banks*

13. The state bank and/or foreign trade banks in the East European countries also are the major shareholders of most East European banks in the West. They dictate the policy of the Western-based bank according to the degree of their capital participation. Since they are relatively inexperienced and much smaller than their Soviet counterparts in both size of staff and financial resources, the East European banks probably hope to achieve their banking objectives by cooperating with the Soviet and Western banks. For example, they can maximize the flow of credits to their parent banks by inducing Soviet and Western banks to participate in consortium lending -- in which they too would participate -- rather than tie up what limited resources they have in directly financing their respective country's trade.

### **General Operations**

14. The Soviet-owned banks provide banking services and financing of Western trade for the USSR and other Communist countries, especially those in Eastern Europe. To an increasing extent, they have become involved in financing trade among non-Communist countries as well. During the past few years, the Soviet and East European-owned banks have been particularly active in organizing or participating in international consortium loans for borrowers in Eastern Europe, the less developed countries, and even Western Europe. Aside from financing trade and participating in consortium loans, the Soviet-owned banks act as agents for gold sales in the West by the USSR and, occasionally, by other Communist countries. They also have developed local customer relations, enabling them to increase deposits by Western banks, thus expanding the possibilities for the profitable use of their funds.

### **Role of the Banks in East-West Trade**

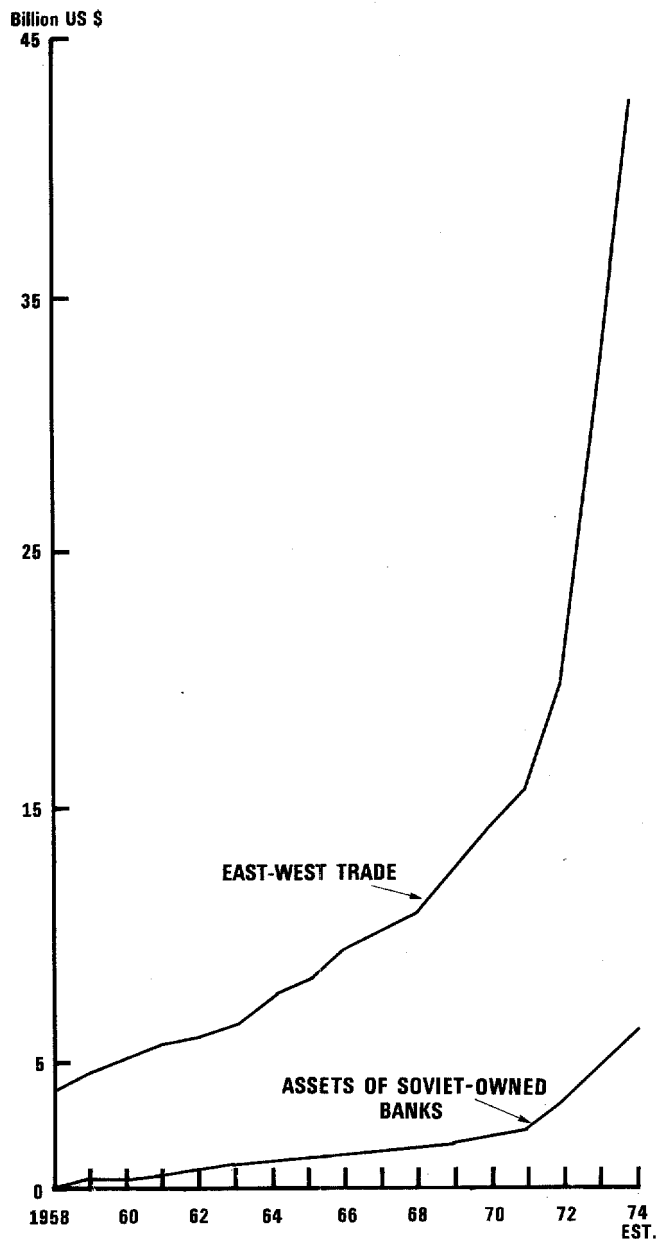
15. The primary function of the Soviet and East European-owned banks in the West is to facilitate their respective country's trade with the Western country in which they are located. MNB, however, has assumed a much wider scope of activity and -- as suggested by its "second name," the Bank for East-West Trade -- is heavily involved in the financing of East-West trade in general, and particularly with Communist countries other than the USSR. MNB's balance sheet shows that 91% of its assets in 1973 were committed to loans, one-half of which were probably on behalf of Communist countries.<sup>10</sup> In comparison, most of the other Soviet

10. Estimate based on 1972 information.

and East European banks in the West held most (70%-90%) of their assets in the form of cash and deposits at correspondent banks<sup>11</sup> and used these deposits to induce their Western correspondents to provide loans to the Communist countries. Such loans as the Soviet and East European-owned banks do make to their Communist customers are generally of the same type and on the same terms as those normally provided by Western banks specializing in international trade.

16. In other respects, the services of the Soviet and East European banks in the West are also the same as those provided by Western banks, including making and collecting payments and processing trade documents. They can, however, also provide the Communist countries with general commercial intelligence, particularly that involving East-West trade. Through their credit departments and contacts with their Western correspondent banks, they can obtain credit information on Western importers and exporters that normally might not be available to home-based Communist foreign trade organizations and banks.

### <sup>11</sup> East-West Trade and Assets of Soviet-Owned Banks in the West



<sup>11</sup> Trade turnover of the USSR, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania with developed Western countries.

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11. For a comparison of lending activities according to published balance sheets, see Appendix B, Table B-1, and Appendix C, Tables C-1 and C-2.

17. Until the late 1960s, Soviet banks restricted themselves largely to short-term financing, but financing of up to five years has become an important part of their business with the East European countries – especially for trade in capital goods.<sup>12</sup> The Soviet banks charge their customers normal commercial rates comparable with those charged by other Western banks, but much higher than the subsidized lines of credit often made available to the East by some West European governments in an effort to promote their own exports. Thus, the East Europeans generally turn to the Soviet banks to finance imports from countries which have not provided more favorable lines of credit or when such lines of credit have been exhausted. Also, because they can rely on secrecy in their dealings with the Soviet banks, the urgency of their credit requirements is less well known to Western banks, which might otherwise charge higher rates or even refuse to grant new credits to the East Europeans.

#### Involvement in Western Money Markets

18. The West European-based Soviet banks, all of which are located in leading European financial centers, are active participants in both foreign exchange and Eurodollar markets. Eurobank has the longest history of such activity, apparently because of its earlier post-World War II development into a sizable international bank. Participation by the East European banks has been evident only in recent years.

19. MNB and Eurobank in the 1950s were among the first European banks to become involved in Eurodollar transactions, at first primarily as lenders.<sup>13</sup> Over

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12. In addition to providing medium-term credits directly to Soviet or East European foreign trade banks for financing imports, the Soviet banks – especially MNB – are active in forfeiting Soviet and East European bills of exchange. Forfeiting, or the purchasing of third-party export paper, is an important method of financing East-West trade and is especially applicable when the exporting country does not provide subsidized lines of credit (e.g., West Germany or Switzerland), or when the importer has exhausted such lines of credit. In these situations, the exporter sells to a bank or group of banks the promissory notes issued by the importer and guaranteed by the foreign trade bank of the importing country. These sales are made at a predetermined discount – which usually reflects the creditworthiness of the importer and, ultimately, the yield to the bank – and at no recourse to the exporter.

13. They owed their start in this market to the unwillingness of their Communist correspondent banks (Gosbank, Vneshtorgbank, and the central banks and special foreign trade banks of the Communist countries) to hold more than working balances in US banks. This reluctance stemmed from their belief that if East-West relations deteriorated, their Western currency balances in European banks would be safer (that is, less likely to be blocked by governmental authorities) than balances held in the United States. The Communist countries, however, were unwilling to exchange their dollar balances for the then less convertible West European currencies. As a result, Soviet and East European banks began to hold some of their dollar balances in MNB and Eurobank, which in turn loaned them out at profitable rates of interest in what became known as the Eurodollar market.

time, the banks have built up their credit standing, enabling them when necessary to become net borrowers in Eurocurrency markets. The excellent reputations that MNB and Eurobank have established in Western currency markets have enabled them to attract Eurocurrency deposits at prime rates and have helped to establish the creditworthiness of East European banks and institutions as well. Soviet banks are often called upon to organize or participate in consortium loans and the placement of bond issues for borrowers all over the world.

20. MNB and Eurobank for years have selectively participated in or co-managed consortium loans, particularly to help finance East-West trade. During the past few years, however, their participation in publicized consortium lending has increased dramatically. During the period January 1974 - October 1975, one or the other of these two banks was involved in at least 105 consortium loans: Eurobank participated in 92 such loans, while MNB was observed taking part in 28. Moreover, one or the other co-managed 12 of these loans. According to an MNB spokesman at the end of 1974, some 60% of MNB's participation in consortium loans is with less developed countries. Only about one-third of MNB's publicized loans in 1974 were for less developed countries, however, suggesting that a larger volume of its consortium lending goes unobserved. The MNB spokesman also stated that MNB's average level of participation runs about \$3-\$4 million for loans to less developed countries, but is higher when the loans are for CEMA countries. There is no official information on the level of Eurobank's participation, but in the 81 consortium loans that it participated in for which detailed information is available, the average participation was \$5 million, with participations for loans to Communist countries averaging \$5 million, for less developed countries \$3 million, and for developed countries \$8 million.

21. MNB helped organize the successful placement of two Eurobond issues for Hungary: one in 1971 for \$25 million - the first time a Communist country had ever entered the bond market - and another in 1972 for \$50 million. MNB also helped syndicate a \$60 million loan for CEMA's trade bank, the International Bank for Economic Cooperation (IBEC) in 1972, a \$100 million loan for the Soviet foreign trade bank, Vneshtorgbank, in 1974, and a number of project loans for Yugoslavia over the past few years, including the private portion of the \$518 million finance package for the Krsko nuclear powerplant, which also involved US Eximbank financing.<sup>14</sup> Noteworthy loans co-managed by Eurobank in 1975 include

14. MNB also is in the management group currently organizing a \$300-\$400 million credit for CEMA's International Investment Bank to be used to finance Western equipment for the CEMA Orenburg natural gas pipeline in the USSR.

the \$60 million loan for IBEC in January, the \$250 million loan for Vneshtorgbank in May, and the \$70 million loan for CEMA's International Investment Bank (IIB) in June.

22. MNB and especially Eurobank are undoubtedly the leaders of the Communist banking community in Eurodollar lending. Most Soviet and East European banks in the West -- as well as some of the home-based foreign trade banks and even CEMA's IBEC<sup>15</sup> -- also have participated in such lending. Vneshtorgbank, for example, participated in a \$1.5 billion loan to France and a \$1.2 billion loan to Italy in 1974; IBEC also participated in these loans and more recently participated in a loan to Cuba and to the African Development Bank. Other home-based banks participating in consortium lending include the National Bank of Hungary -- which also has underwritten some non-Communist bond issues -- and the Bulgarian Foreign Trade Bank.

23. The reason for the Communist banks' participation in consortium lending, particularly to non-Communist countries, goes beyond the profit motive. By participating in loans syndicated by Western banks for Western borrowers, the Communist banks can count on them to reciprocate and participate in loans organized for Communist borrowers. In the publicized loans under review (see Appendix D), the Communist banks participated in a total of 123 consortiums which raised a total of \$14.8 billion. Of this amount, \$2.4 billion went to Communist borrowers (including an estimated \$325 million from Communist banks) at a "cost" of only some \$475 million -- the Communist banks' estimated participation in loans to non-Communist borrowers.<sup>16</sup> The \$2.4 billion is in addition to the several hundred million dollars borrowed by the East Europeans that did not include Communist participants. Moreover, some \$1 billion in loans to the Soviet Union and CEMA are expected to materialize by the end of 1975.

15. Participation by CEMA's IBEC in international consortiums is relatively recent. Since its establishment in 1964, IBEC's hard currency operations had consisted almost entirely of short-term credits to CEMA members. In its early years, IBEC relied largely on Western correspondent banks for deposits, which augmented the meager hard currency portion of its capitalization. In the early 1970s, IBEC began to secure medium-term international consortium loans, which allowed it, in turn, to provide medium-term financial credits to CEMA members. IIB, established in 1971, is turning increasingly to the Eurodollar market to finance investment projects in CEMA countries. Currently, IIB is negotiating loans, expected to total \$1 billion, to finance the Orenburg pipeline.

16. It is assumed that the Communist banks' participation averaged \$3.8 million for loans to non-Communist borrowers and \$4.3 million for loans to Communist borrowers -- the average rates of participation in 109 of the 123 consortium loans for which detailed information is available.

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### Subsidiary Interests

24. Other efforts recently undertaken by Soviet-owned banks in East-West trade include the establishment of equipment leasing companies<sup>17</sup> in London and Paris and a trading company in West Germany to promote Soviet-West German trade in chemicals. In October 1973, MNB and Morgan Grenfell Bank & Co. in London established a jointly-owned firm, East-West Trading, to promote and finance leasing operations. In December 1973, Eurobank and Credit Lyonnais joined together to form a similar firm, Societe pour la Promotion Europeenne du Leasing (Promolease) in Paris.<sup>18</sup> In May 1974, Soviet and West German interests established a jointly-owned trading company, Sobren Chemie Handel GmbH, in Muelheim (Ruhr) to promote trade in chemicals between the two countries. Both the Soviet foreign trade association Soyuzkhimeksport and the West German company Brenntag have a 49% equity interest in the new company. The Soviet-owned Ost-West Handelsbank subscribed for the other 2%, giving the USSR controlling interest. Ost-West Handelsbank will profit from the arrangement because it probably will keep all the lucrative financing and documentary business with the attendant fees and commissions for itself.

### Gold Sales

25. In addition to normal banking activities, the Soviet-owned banks in the West also act as agents for the USSR and, occasionally, for other Communist countries for sales of gold in the West. Until 1968, London was the major gold market because of the special role of the Bank of England both in the Gold Pool and as agent for sales of South African gold. Accordingly, MNB handled most Soviet gold sales. Smaller amounts of gold also were sold during this period in Paris, via Eurobank, and in Switzerland. With the establishment of the free gold market in 1968, Zurich replaced London as the major gold market in the world, and nearly all Soviet gold sales are now made on the Zurich market, where Wozchod Handelsbank is probably the Soviet agent for gold sales.

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17. Leasing is a means of meeting a short-term requirement for major capital equipment and, at the same time, avoiding the expenditure of investment capital which may be either in short supply or be better employed in other forms of investment.

18. In both cases, leasing subsidiaries of the Western partners, already firmly established in the market, will supervise the new companies. The French believe that a market exists in the West for Soviet heavy construction equipment. French lessees already have taken Soviet snowplows, machine tools, and Lada automobiles and Czechoslovak Skoda automobiles.

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## APPENDIX A

### SOVIET AND EAST EUROPEAN BANKS IN THE WEST<sup>1</sup>

Name of Bank	Location	Established	Ownership (Percent)
<b>USSR</b>			
Moscow Narodny Bank Ltd. (MNB)	London	1919	USSR, 100
Branch	Beirut	1963	
Branch	Singapore	1971	
Banque Commerciale pour l'Europe du Nord (Eurobank) S.A.	Paris	1921	USSR, 100
Bank Russo-Iran	Tehran	1923	USSR, 100
Branch	Isfahan	circa 1975	
Wozchod Handelsbank A.G.	Zurich	1966	USSR, 100
Ost-West Handelsbank A.G.	Frankfurt	1971	USSR, 100
Donaubank A.G.	Vienna	1974	USSR, 100
East-West United Bank S.A.	Luxembourg	1974	USSR, 100
<b>Bulgaria</b>			
Litex Bank S.A.L.	Beirut	1966	Bulgaria, 50 (perhaps 100)
Representative office	London	N.A.	
<b>Czechoslovakia</b>			
Zivnostenska Banka <sup>2</sup>	London	1922	Czechoslovakia, 100
<b>Hungary</b>			
Central Wechsel-und Creditbank A.G. <sup>3</sup>	Vienna	1918	Hungary, 100
Hungarian International Bank Ltd.	London	1973	Hungary, 100
<b>Poland</b>			
Bank Polska Kasa Opieki S.A. <sup>4</sup>	Paris	1929	Poland, 100
Bank Polska Kasa Opieki S.A. <sup>4</sup>	Tel Aviv	circa 1930	Poland, 100
Centro Internationale Handelsbank A.G. <sup>5</sup>	Vienna	1973	Poland, 14
Mitteleuropaische Handelsbank A.G.	Frankfurt	1973	Poland, 70; West Germany, 30
Handlowy Bank for the Middle East S.A.L.	Beirut	1974	Poland, majority share
<b>Romania</b>			
Banque Franco-Roumaine S.A.	Paris	1971	Romania, 50; France, 50
Anglo-Romanian Bank Ltd.	London	1973	Romania, 50; United Kingdom, 30; United States, 20

1. Excluding representative offices of the East European state banks or foreign trade banks in the West.
2. London branch of the Prague-based bank.
3. Vienna branch of the Budapest-based bank.
4. Paris branch and Tel Aviv agency of the Warsaw-based bank.
5. Equal shares are held by the Polish foreign trade bank, Bank Handlowy w Warszawie, and six Western banks.

## APPENDIX B

### THE SOVIET-OWNED BANKS IN THE WEST

#### Moscow Narodny Bank Ltd.

Moscow Narodny Bank was founded in London in 1916 as an agency of the Moskovskiy Narodny Bank of Moscow. It was established as a separate entity in 1919, and by 1929 MNB had assets of about \$40 million and branch offices in Paris, Berlin, and New York. With the depression, World War II, and finally the cold war, business fell off, the branches were closed, and assets declined. As late as 1952, MNB's assets were less than \$17 million, but since 1958 its assets and activities have expanded rapidly. MNB, with assets of \$2.6 billion at the end of 1974, was one of the 20 largest banks in London.

Some 91% of MNB's assets consist of loans and discounts, and another 7% are in the form of balances held with banks and correspondents.<sup>1</sup> The increase in MNB's resources over the years has come about largely through the increase in balances held by both Western and Communist correspondents.<sup>2</sup> These balances totaled almost \$1.9 billion in 1973 and comprised 96% of the bank's total resources. The rapid growth in these balances, more than 27% per year on the average since 1969, has provided an expanding pool of resources for MNB's lending activities.

Since 1965, MNB has not paid dividends; instead it transferred profits to its reserve account to build up its capital. The cumulative value of such transfers -- including a net profit of \$3.2 million in 1974 -- exceeded \$23 million during 1965-74. In 1974, MNB raised its authorized capital from \$19 million to \$35 million and its paid-up capital by \$7 million to about \$26 million, indicating MNB's plans for continued rapid growth.

In other activities, MNB has been a principal in the sale of Eurodollar certificates of deposit (CDs) since 1967, and sterling CDs since 1968. To better manage its rapidly accumulating liquid resources, MNB established an investment department in 1966 that immediately became active in the gilt-edged market. By 1967, this department had begun operating in the Eurobond market and underwriting certain issues of stock on the London market. MNB further expanded

1. Based on 1973 data, the latest year for which balance sheet information is available. For comparative balance sheets of the Soviet-owned banks in the West, see Table B-1.

2. MNB has more than 230 correspondents in 59 countries.

Table B-1

Comparative Balance Sheets of the Soviet-Owned Banks in the West<sup>1</sup>

	Moscow Narodny <sup>2</sup>		Eurobank <sup>3</sup>		Russo-Iran <sup>4</sup>		Wozchod <sup>4</sup>		Ost-West <sup>5</sup>	
	Million US \$	Percent	Million US \$	Percent	Million US \$	Percent	Million US \$	Percent	Million US \$	Percent
<b>Assets</b>	<b>1,942</b>	<b>100</b>	<b>2,797</b>	<b>100</b>	<b>62</b>	<b>100</b>	<b>111</b>	<b>100</b>	<b>171</b>	<b>100</b>
Cash and banks	128	7	2,160	77	19	31	78	70	133	78
Loans and discounts	1,762	91	462	17	40	65	31	28	25	15
Securities and investments	28	1	87	3	2	3	1	1	13	8
Other	24	1	89	3	1	2	2	2	Negl.	Negl.
<b>Liabilities</b>	<b>1,942</b>	<b>100</b>	<b>2,797</b>	<b>100</b>	<b>62</b>	<b>100</b>	<b>111</b>	<b>100</b>	<b>171</b>	<b>100</b>
Capital	19	1	45	2	9	15	6	5	6	4
Reserves and retained profits	13	1	9	Negl.	2	3	2	2	Negl.	Negl.
Deposits	1,873	96	2,617	94	50	81	97	87	163	95
Other	38	2	126	5	1	2	6	5	1	1

1. Because of rounding, components may not add to the totals shown. Balance sheets of Donaubank and East-West United Bank are not available.

2. 31 December 1973.

3. 31 December 1974.

4. 20 March 1974 (end of Iranian calendar year).

5. 31 December 1972.

its activities by the acquisition (apparently in 1969) of two wholly-owned subsidiaries, Mosnar Investment Holding Company, Ltd. and Mosnar Securities, Ltd., although economic problems in the United Kingdom have apparently rendered such business less attractive in recent years.

In October 1963, MNB opened a branch in Beirut, Lebanon, evidently because of the need to facilitate banking operations in an area where Communist trade was growing rapidly. Although the emphasis is on financing East-West trade, the Beirut branch is also involved in financing non-Communist trade, in domestic banking activities, and in foreign exchange operations.

The Beirut branch generally has been profitable but has suffered setbacks induced by the 1967 and 1973 Arab-Israeli wars. For three consecutive years (1967-69), the Beirut branch's assets fell. There was some growth in 1970, but the pre-war level was not surpassed until 1972. Although the branch's assets continued to grow in 1973, setbacks in operations following the 1973 war were reported. Nevertheless, in spite of a declining balance sheet induced by apparent withdrawal and/or non-renewal of deposits, the branch's lending activities on the whole continued to grow. The branch did this by continually drawing down its own deposits at other banks and making the funds available for lending (see Table B-2 below). At the end of 1973, the Beirut branch was reported to be the third largest bank in Lebanon.

In November 1971, MNB opened a branch in Singapore, reportedly to provide on-the-spot service to the bank's clients in that area. In addition to financing East-West trade in the area, the Singapore branch is actively involved in the Asia-dollar market as well as the domestic Singapore market. In 1973 the Singapore branch reportedly had an exceptionally successful year, the implication being that its profits were unusually large. The size of the Singapore branch is not known, but it is believed to be larger than the Beirut branch.

#### **Banque Commerciale pour l'Europe du Nord (Eurobank) S.A.**

Eurobank was founded in Paris in 1921 by Russian anti-Communist emigres, who sold out to Soviet interests in 1925. Eurobank experienced rapid growth in the immediate post-World War II period. In 1948, Eurobank had assets of less than \$7 million, or only 10% of MNB's total assets at the time, but by 1958 Eurobank's assets had reached roughly \$200 million -- approximately eight times those of MNB. With total assets at the end of 1974 of \$2.8 billion, Eurobank ranked among the ten largest banks in Paris.

Table B-2

Moscow Narodny Bank - Beirut Branch  
Selected Balance Sheet Items  
(End of Year)

	Million US \$ <sup>1</sup>							
	1966	1967 <sup>2</sup>	1968	1969	1970	1971	1972	1973 <sup>3</sup>
<b>Assets (million US \$)</b>	<b>126</b>	<b>84</b>	<b>81</b>	<b>78</b>	<b>103</b>	<b>126</b>	<b>145</b>	<b>192</b>
Of which:								
Loans								
Million US \$	15	13	14	22	25	30	39	67
Percent	12	15	17	28	24	24	27	35
Cash and banks								
Million US \$	100	59	52	42	58	78	93	112
Percent	79	70	64	54	56	62	64	58
<b>Liabilities</b>	<b>126</b>	<b>84</b>	<b>81</b>	<b>78</b>	<b>103</b>	<b>126</b>	<b>145</b>	<b>192</b>
Of which:								
Deposits								
Million US \$	120	78	74	71	96	117	131	171
Percent	95	93	91	91	93	93	90	89

1. Unless otherwise indicated.
2. Seven-day war in June 1967.
3. October war.

Unlike MNB, the largest proportion -- 77% -- of Eurobank's assets in 1974 was in the form of cash (see Table B-1), mainly with banks and correspondents.<sup>3</sup> Only some 17% was allocated to loans and discounts, but this was a significant increase over the 11% share in 1969 and probably reflects the heavy participation of Eurobank in international consortium loans over the last few years. On the opposite side of the ledger, 94% of Eurobank's resources came from deposits maintained almost entirely by banks and correspondents. Eurobank's net profit of \$6.1 million in 1974 represents a return on capital of 14%. At the May 1975 shareholders' meeting, Eurobanks' directors resumed what had been since 1961 their general policy of retaining all earnings to allow for the bank's increased capitalization.<sup>4</sup> They also increased the bank's paid up capital from 200 million French francs to 250 million (from about \$49 million to \$62 million), thereby providing for further expansion.

3. Eurobank has roughly 200 correspondents.
4. In 1974, the first time in 13 years, Eurobank distributed a net dividend from 1973 earnings of 4% (about \$1 million), with the balance (about \$5 million) placed in reserve.

The high proportion of cash on the assets side and the correspondingly small proportion used for commercial lending indicate that Eurobank does relatively little direct financing. Instead, it works to induce a number of its Western correspondent banks to provide such trade credit. A considerable proportion of Eurobank's deposits with its Western correspondents has served to secure lines of credit at these banks, primarily for Communist imports from the country in which the Western bank is located. Serving basically as a financial intermediary – as opposed to the direct financing of East-West trade – Eurobank is apparently even more actively involved in Eurocurrency markets than is MNB. Eurobank, for example, is known to have participated in at least 92 international consortium loans from January 1974 to October 1975, compared with about 28 for MNB. The bulk of MNB's loans apparently consist of direct bank-to-bank credit as opposed to bank syndications (see Appendix D).

#### **Bank Russo-Iran**

The Bank Russo-Iran was originally established under joint Soviet-Iranian ownership in 1923 in Tehran, where it operated as the Russo-Persian Banking Office. In 1932 the banking office was reorganized into an Iranian limited company and registered under its present name. By 1934, with a capital of about \$5 million, it was one of the largest banks in Iran, with branches throughout the country. World War II and the ensuing cold war, however, apparently affected the bank's business adversely. In 1944 the bank's capital stood at about \$250,000. In 1954 the USSR assumed complete ownership, with Vneshtorgbank holding an 84% interest and Gosbank holding the remainder.

In 1968, Bank Russo-Iran tripled its capital to 300 million rials (about \$4 million). This action coincided with the return to closer Soviet-Iranian economic relations. It also marked the beginning of the bank's increased activity in domestic and international banking. Although average-size by Iranian standards, Bank Russo-Iran, with total assets in March 1974 of only \$62 million, is relatively small compared with other Soviet banks in the West. Lending activities continue to be an important part of the bank's business (65% of its assets in 1974, compared with 82% in 1968), although it now keeps a significantly larger share of its assets in the form of balances with other banks (31% in 1974, compared with 11% in 1968). The increased ability of Bank Russo-Iran to attract deposits, especially from foreign banks, has provided the funds (81% of total resources in 1974, compared with 69% in 1968) to support its operations.

Prospects for Bank Russo-Iran's further growth are good. Some time in late 1974 or nearly 1975, the bank opened a branch in Isfahan. The re-establishment of branch banking by the Soviet bank should enhance its domestic operations. In January 1974, Iran announced the liberalization of its foreign exchange regulations and its intentions of becoming an important international foreign exchange and capital market. By mid-1974, Tehran had become a regional money market of growing importance, and Bank Russo-Iran should share in this growth.

Bank Russo-Iran also is becoming more actively involved in the financing of East-West trade and in other international banking activities. It is, for example, one of the shareholders of East-West United Bank, the Soviet bank recently established in Luxembourg, and it has participated in several recent consortium loans (see Appendix D).

#### **Wozchod Handelsbank A.G.**

In October 1966, Wozchod Handelsbank, the first new Soviet-owned bank in the West in more than 40 years, was established in Zurich. It was set up ostensibly to finance Soviet trade with Switzerland as well as East-West trade in general, but the major motivation appears to have been to tap another major source of Eurocurrency funds. Another motive may have been the greater secrecy in monetary operations, including sales of gold, in Switzerland. The opening of a bank in Zurich was, in any case, the beginning of a movement to increase Soviet banking operations around the world. Since the establishment of Wozchod, the Soviets have doubled the number of banking facilities in their network with the addition of three new banks and two branches.

Wozchod began with an authorized capital of 20 million Swiss francs (about \$4 million), one-half of which was paid-up. Its major share holders were Gosbank, Vneshtorgbank, and other Soviet institutions. In 1968, its authorized and paid-up capital were both doubled, but there were no further increases until November 1973, when the authorized capital was raised to 65 million Swiss francs (about \$20 million at that time). By the end of 1973, its paid-up capital increased to 45 million Swiss francs (worth about \$14 million).

Since its establishment, Wozchod's growth has been relatively slow, growing at only about two-thirds the rate of MNB and Eurobank during 1971-73, despite its much smaller base. Wozchod, however, had an unusually good year in 1973.

By the end of September 1973, its assets had grown to \$144 million,<sup>5</sup> compared with the end-of-year 1972 figure of \$111 million. Like MNB and Eurobank, Wozchod relies heavily on the deposits from other banks, which in 1973 accounted for more than 86% of its total resources. Wozchod's operations resemble Eurobank's more than MNB's. More than 63% of its assets are in the form of cash and deposits with other banks, and only about 36% are associated with financing activities. Wozchod's net profit of \$589,000 in 1972 represented a 10% return on capital. While this does not compare favorably with MNB and Eurobank, it was an improvement over 1969, when its return on capital was less than 6%.

#### Ost-West Handelsbank A.G.

In November 1971, Ost-West Handelsbank was established in Frankfurt, marking the return of a Soviet-owned bank to Germany after an absence of nearly 40 years.<sup>6</sup> Negotiations to open a bank in Frankfurt date back at least to 1966, when it was originally planned to open a branch of MNB. West German authorities held out for an independent bank comparable with Moscow's other Western-based banks. The record of Ost-West's operations during its first two years indicates that the Frankfurt-based bank will rank with the Soviet banks in London and Paris.

Ost-West Handelsbank increased its capital from \$5.8 million (20 million Deutsche marks) to \$20 million (50 Deutsche marks) early in 1974. At yearend 1974, its assets totaled \$559 million. After operating for three years, the Frankfurt-based bank was three to four times as large as Wozchod Handelsbank (established in 1966). Ost-West's ready ability to attract deposits (95% of its resources in 1972) is the basis for its phenomenal growth. It is too early, however, to assess the bank's overall operations. The large share (78%) of its assets in the form of cash and balances held at other banks (end of 1972) may more accurately reflect a temporary placement of funds until direct lending opportunities avail themselves.

Since West Germany is the USSR's leading Western trading partner, the bank should attract considerable business. The Soviets are using their influence to do just that. One large West German bank, in fact, has complained that the lucrative

5. The decline in the dollar value of Wozchod's assets in December compared with September more accurately reflects the strengthening of the US dollar relative to the Swiss franc. Valued in Swiss francs, Wozchod assets actually increased by about 6 million. Implicit in the decline of the dollar value, however, is that Wozchod's assets were not largely dollar denominated.

6. Moscow Narodny Bank operated a branch in Berlin prior to 1933.

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documentary business for Soviet imports from West Germany was being diverted increasingly to Ost-West Handelsbank. Ost-West's participation in the jointly-owned trading company, Sobren Chemie Handel GmbH, provides another opportunity for the Soviets to further monopolize the lucrative short-term financing and documentary business generated by increased Soviet-West German trade.<sup>7</sup> Indicative of the bank's own plans for growth are its new facilities that can accommodate a staff of 300, roughly comparable with the size of the staff at both MNB and Eurobank.

#### **Donaubank A.G.**

In February 1974, Donaubank was formally established in Vienna after many years of planning and negotiations. The bank was capitalized at 100 million Austrian schillings (about \$5 million) with shares held by Gosbank and Vneshtorgbank. Donaubank reportedly began operations on 1 April 1974 with a limited banking charter which allowed it to carry out normal banking operations such as making loans, engaging in foreign exchange and Eurocurrency operations, and making and receiving payments for both domestic and foreign customers, but precluding any activity in savings accounts, the issuance of mortgage bonds and other debentures, and trading in mutual funds. The bank has since applied for a charter which will allow it to expand its area of operations.

Details on Donaubank's operations are not available, but the bank's primary business upon its establishment was seen as the financing of trade between Austria and the USSR and other CEMA countries. To a lesser extent, Donaubank was expected to finance third country trade as well, especially trade of the less developed countries. Donaubank is known to have participated in a few consortium loans (see Appendix D) and will participate in the expansion of the Soviet-owned insurance firm in Vienna, Garant Versicherungs A.G.<sup>8</sup> Effective 1 January 1976, Donaubank will have a 29% share of Garant's subscribed capital, which will be raised from 36 million schillings (about \$2.0 million) to 70 million schillings (about \$3.9 million). Reportedly, Garant will eventually acquire shares in Donaubank.

7. The small risk and high turnover of short-term financing, together with fees and commissions from processing trade documents, are a valuable source of revenue for international banks.

8. Garant specializes in East-West trade-related business, including nonpayment risk, manufacturing risk, technical risk, and transportation risk. The latter includes coverage for shipments via the Trans-Siberian Railroad to and from Japan. Garant's nonpayment risk policies are accepted by Western banks active in East-West trade and include coverage against losses resulting from delayed payments – an area of growing concern to lenders to some East European countries. West German firms reportedly account for more than half of Garant's business, followed by Austrian and Swiss firms.

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### East-West United Bank S.A.

In June 1974 the newest of the Soviet-owned banks in the West, East-West United Bank, was established in Luxembourg. Ostensibly, the new bank was set up to finance Soviet trade with Benelux countries and other European Community members. An on-site location in Luxembourg, a fast growing international financial center as well as center of the EC's currency fund, will enhance Moscow's ability to obtain trade credits and consortium funds. Perhaps equally important, a Soviet bank in Luxembourg should profit handsomely from participating in the foreign exchange and Eurocurrency markets there. The new Soviet bank was capitalized at 250 million Belgian francs (almost \$7 million). In addition to Gosbank and Vneshtorgbank, the shareholders of East-West United include MNB, Eurobank, Wozchod, Ost-West, and Bank Russo-Iran. Since its establishment, East-West United has been relatively active as a participant in consortium loans (see Appendix D). Indicative of plans for rapid growth are recent reports that East-West United Bank intends to establish branches in Antwerp and Amsterdam.

## APPENDIX C

### THE EAST EUROPEAN-OWNED BANKS IN THE WEST

#### Bulgaria

The *Litex Bank S.A.L.* was established in Beirut in 1966, when the Bulgarian Foreign Trade Bank acquired a 50% interest in what was at that time the Sogex Bank. It is capitalized at 5 million Lebanese pounds (currently worth about \$2 million) and is now believed to be wholly owned by Bulgaria. Litex's total liabilities at the end of 1972 stood at more than \$30 million, 94% of which were made up of deposits and other accounts. A breakdown of Litex's assets -- and therefore an assessment of its operations -- is not available. Litex Bank, however, is probably active in foreign exchange and Eurocurrency markets. In August 1975 it participated in a loan of 250 million Deutsche marks to Cuba (see Appendix D). The bank's chief executive officer is a Lebanese national, as is one of the bank's two joint general managers. The other is a Bulgarian national. Litex has representative offices in London and Sofia. Its Western correspondents include Irving Trust Co. and Bankers Trust Co. in New York and Lloyds Bank, Midland Bank, and Moscow Narodny in London. In addition to Litex's representation in London, the Bulgarian Foreign Trade Bank has maintained its own representative office in London since 1970.

#### Czechoslovakia

*Zivnostenska Banka* was established in London in 1922 as a branch of the Prague-based bank of the same name. The London branch's balance sheet is included in the balance sheet of the head office, which had assets of \$464 million at the end of 1974. Although examination of the balance sheet gives no clue as to the size of the London branch operations, it does allow for a reasonable estimate of the type of banking business performed by the London branch. On the basis of the balance sheet for Zivnostenska Banka, it is probable that the London branch engages in foreign operations much the same as Eurobank -- that is, it is more active in foreign exchange and Eurocurrency markets as opposed to directly financing trade. This is indicated by the bank's high liquidity (95% of its assets are in the form of cash or deposits at other banks) and correspondingly low lending activity (about 2% of total assets). The extremely rapid increase in the dollar value of deposits placed at Zivnostenska Banka -- 60% per year on average during 1972-74 -- suggests that the bank (both London branch and the head office) has

significantly increased its international operations and, more than likely, its convertible currency operations. Zivnostenska Banka is known to have participated in at least two Eurodollar consortiums in 1974 (see Appendix D).

Table C-1

**Zivnostenska Banka Balance Sheet  
as of 31 December 1974**

	Million US \$	Percent
<b>Assets</b>	<b>464.3</b>	<b>100.0</b>
Cash and banks	439.7	94.7
Investments	1.9	0.4
Loans and discounts	10.5	2.3
Other assets	12.2	2.6
<b>Liabilities</b>	<b>464.3</b>	<b>100.0</b>
Capital	14.1	3.0
Reserves and retained profits	20.2	4.4
Deposits	424.5	91.4
Other liabilities	5.5	1.2

Ceskoslovenska Obchodni Banka (the Commercial Bank of Czechoslovakia) was established in 1965 in Prague to take over the operations of the foreign trade department of the state bank, Statni Banka Ceskoslovenska. To facilitate its operations, it has established representative offices in Beirut and New Delhi as well as in Belgrade.

### Hungary

*Central Wechsel- und Creditbank A.G.* was established in Vienna in 1918 as Central Wechselstuben A.G. and was a branch of the Budapest-based bank of the same name. The latter is a wholly-owned subsidiary of the National Bank of Hungary. In 1972, Central Wechselstuben was reorganized and expanded. The bank's capital was raised substantially to 40 million forints (about \$3.5 million at the time), and at the same time the Vienna branch's capital was raised from 4 to 12 million shillings (from about \$200,000 to about \$600,000). At the time, the Vienna branch reportedly became active in large-scale credit transactions in addition to its customary functions of dealing in foreign exchange, channeling emigres' remittances back to Hungary, and maintaining savings accounts. Central Wechsel is a shareholder in the new Hungarian bank in London and participated in international consortium loans to Poland, Cuba, and Mexico in 1974 and 1975.

The *Hungarian International Bank Ltd.* was established in London in August 1973 with a capital of £1 million (then worth \$2.4 million). The bank's shareholders include the National Bank of Hungary (60% of the capital), the Hungarian Foreign Trade Bank (15%), the State Savings Bank (15%), and the Vienna-based Central Wechsel- und Creditbank (10%). According to the bank's president, Janos Fekete -- who also is vice president of the National Bank of Hungary -- the major purpose of the bank is to facilitate Hungary's involvement in the Eurodollar and Eurobond markets. It has been an active participant in Eurodollar lending (see Appendix D). The bank also hopes to promote Hungarian-British joint ventures. With the opening of the Hungarian International Bank, the London representative office (established in 1968) of the Hungarian National Bank was closed. The National Bank of Hungary also has representative offices in Paris, Frankfurt, Zurich, and Beirut.

#### Poland

*Bank Polska Kasa Opieki S.A.*, also known as the Bank PKO, was established in 1929 in Warsaw primarily to service remittances from Poles living abroad.<sup>1</sup> It was chartered as a deposit (savings) bank with branches in Paris (1929), Tel Aviv (since at least 1930), Buenos Aires, and New York (since 1938). After World War II, the bank's statutes and character were modified considerably with the addition of a merchandise department to handle gift packages from abroad, now a major part of the bank's business. At the end of 1973, Bank PKO's total assets, including those of its foreign affiliates, stood at 7.0 billion zlotys (\$2.1 billion at the official exchange rate, but only about \$350 million at the non-commercial exchange rate).<sup>2</sup> More than three-fourths of the bank's assets were in the form of cash and deposits at other banks. On the other side of the balance sheet, deposits made up 84% of the bank's liabilities.

Bank PKO's known foreign affiliates currently include its branch in Paris and its agency in Tel Aviv, which carry the same name as the parent bank, and the Pekao Trading Corporation in New York. The New York corporation accepts dollar instruments for transmittal to Polish addressees in the form of gift packages containing items selected from a Pekao catalog. The donor may also request that,

1. In 1974, it was reported that remittances totaled \$70-\$80 million annually.

2. At the end of 1973, the official exchange rate was 3.32 zlotys per US dollar, compared with 19.92 zlotys per US dollar at the non-commercial exchange rate. We believe that the non-commercial rate -- used for diplomatic, tourist, and other foreign exchange transactions -- is the appropriate rate for converting Bank PKO's balance sheet to US dollars. Use of the official exchange rate is largely restricted to converting foreign trade statistics.

in lieu of goods, dollar purchase certificates be mailed to the addressee, who may then spend them in any of the PKO branches in Poland that stock goods not otherwise available in Poland or convert them to zlotys at the favorable PKO rate.<sup>3</sup> Agents in other Western countries with large Polish populations perform services similar to those of the Pekao Trading Corporation.

The activities of the Bank PKO agency in Tel Aviv are not known, although they probably include the channeling of remittances back to Poland as well as participation in the PKO gift package program. There is no recent information suggesting that the Tel Aviv agency engages in banking business per se. The Bank PKO branch in Paris, however, is known to have engaged in normal international banking transactions. It has, for example, participated in a Eurodollar loan to Mexico in 1973<sup>4</sup> and in Eurodollar loans to Poland and Bulgaria in 1974 and to Poland and the African Development Bank in 1975 (see Appendix D). The Paris branch probably is also active in foreign exchange markets. However, the extent of its activities and the size of its overall operations are not known.

*Centro Internationale Handelsbank A.G.*, established in Vienna in October 1973, grew out of a finance company originally established in 1971 by seven banks, including the Polish foreign trade bank, Bank Handlowy w Warszawie, which has a minority interest in the bank.<sup>5</sup> Originally incorporated under the name of Centrofin, Finanzierungsvermittlungs- Handels- und Treuhandgesellschaft m.b.H., the finance company was limited to assisting companies interested in East-West trade by arranging financing and barter deals. In October 1973, Centrofin acquired a license for a limited banking concession, its goal since 1971. On becoming a bank, the institution increased its capital from 7 million to 46 million Austrian shillings -- from about \$384,000 to \$2.5 million -- and extended its activities into the Eurocurrency and foreign exchange markets. Accordingly, Bank Handlowy's share increased from 1 million to 8 million shillings (from about \$55,000 to about \$439,000).

*Mitteleuropäische Handelsbank A.G.*, established in August 1973 in Frankfurt, is jointly owned by Bank Handlowy and the West German Hessische Landesbank

3. On 1 January 1975, the PKO exchange rate was reduced to 32.3 zlotys per US dollar from the prevailing rate of about 60 zlotys per US dollar.

4. Eurobank helped organize a consortium of 11 banks, including Bank PKO of Paris, to provide a \$25 million, 10-year Eurodollar loan for Mexico in December 1973.

5. The Western shareholders include Bank fuer Arbeit und Wirtschaft A.G. of Vienna, Bank of Tokyo, Kleinwort Benson of London, Banque Occidentale pour l'Industrie et le Commerce of Paris, Banco di Sicilia of Palermo, and Banco Popular Espanol of Madrid.

Girozentrale. Bank Handlowy contributed 70% of the bank's capital of 16 million Deutsche marks (about \$6 million). The bank's main function reportedly is the financing of foreign trade – direct lending accounted for 74% of its assets in 1973 (see Table C-2) – but it is also expected to be active in the Eurocurrency and foreign exchange markets. The bank began operations in September 1973, and early in 1974 it helped organize a consortium of 14 banks, which provided a \$40 million medium-term Eurodollar loan to Bank Handlowy (see Appendix D).

Table C-2

Mitteuropäische Handelsbank Balance Sheet  
31 December 1973

	Million US \$	Percent
<b>Assets</b>	<b>49.7</b>	<b>100.0</b>
Cash and banks	0.1	0.2
Investments	10.5	21.1
Loans and discounts	36.9	74.2
Other assets	2.3	4.6
<b>Liabilities</b>	<b>49.7</b>	<b>100.0</b>
Capital	5.9	11.9
Reserves and profits	Negl.	0.1
Deposits	43.6	87.7
Other liabilities	0.1	0.2

*Handlowy Bank for the Middle East S.A.L.* is the most recent addition to Poland's bank network in the West. In August 1974, Bank Handlowy w Warszawie reportedly acquired a majority share in a small Beirut bank, the Commercial Business Bank. Buying into an existing bank was the only way Poland could establish itself in Lebanon because of a freeze on new bank licenses that began in 1967. A bank in Beirut should facilitate the financing of Poland's trade in the Middle East and allow Poland to increase its operations in capital and foreign exchange markets. In addition to its jointly-owned banks in Frankfurt, Vienna, and Beirut, Bank Handlowy w Warszawie has representative offices in London and New York.

## Romania

*Banque Franco-Roumaine S.A.* was established in Paris in May 1971 with capital of 20 million francs (about \$3.6 million at that time). The Romanian Bank

for Foreign Trade subscribed to one-half of the capital and a group of eight French banks subscribed to the other half.<sup>6</sup> The president is a former director of Credit Lyonnais and its general manager is a former director of the Romanian Bank for Foreign Trade. The bank's main purpose is to help develop Franco-Romanian trade, but it will also handle Romanian trade with other EC members. Banque Franco-Roumaine also is active in foreign exchange and Eurocurrency markets, where it is known to have participated in several international consortium loans in 1974 and 1975 (see Appendix D). Its capital was increased to 30 million francs (about \$6.6 million in 1975).

*The Anglo-Romanian Bank Ltd.* was established in about May 1973 in London with an authorized capital of £3 million (about \$7 million), one-half of which was paid up. The Romanian Bank for Foreign Trade is the major shareholder, with a 50% interest. The other half is taken up by Barclays Bank International (UK) (30%) and Manufacturers Hanover Trust (US) (20%). The purpose of the new bank is to help finance Romanian trade with the United Kingdom, the Commonwealth countries, and other countries. The bank is expected to participate in medium-term and project financing. The Anglo-Romanian Bank also is active in foreign exchange and Eurocurrency markets, where it has participated in international consortium loans to Cuba and to at least two Western borrowers in 1974 and to the USSR in 1975 (see Appendix D).

In addition to its jointly-owned banks in Paris and London, Romanian banking activities in the West are also facilitated by three representative offices of the Romanian Bank for Foreign Trade. The foreign trade bank has been represented in London since 1969 and in Frankfurt since October 1973. It also has a representative office in Rome. In August 1975 it was reported that Romania and Egypt reached agreement on the establishment of a jointly-owned bank in Cairo. The bank will be capitalized at 10 million Egyptian pounds (about \$26 million), with Egypt owning 51% of the shares.

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6. Credit Lyonnais, Banque Nationale de Paris, Banque de Paris et des Pays-Bas, and Societe Generale each have an 8.75% interest in the bank; Credit Commercial de France, Credit Industrial et Commercial, and Credit du Nord each have 4%; and Banque Rothschild has 3%.

APPENDIX D

PUBLICIZED SOVIET AND EAST EUROPEAN PARTICIPATION IN EURODOLLAR LOANS  
IN 1974 AND 1975<sup>1</sup>

Participating Banks					
Total Number	Soviet and/or East European Banks	Announced	Value <sup>2</sup>	Term <sup>3</sup>	Recipient
<b>1974</b>					
93	Moscow Narodny Eurobank	Jan	\$600	10½-yr.	Instituto Mobiliare Italiano
18	Eurobank	Jan	\$60 MC	10-yr.	Neste Oy (Finland)
17	Moscow Narodny	Jan	£55 (about \$22)	8-yr.	Banque Exterieur D'Algerif
10	Eurobank	Jan	\$43	12-yr.	Grupo Cimento Paraiso (Brazil)
161	Moscow Narodny National Bank of Hungary	Jan	\$30 B	16-yr.	Mexico
161	National Bank of Hungary	Feb	\$30 D	15-yr.	Quebec Hydro-Electric Commission (Canada)
163	National Bank of Hungary	Feb	\$50 B	15-yr.	British Steel Corp. (United Kingdom)
28	Eurobank	Mar	\$130	10-yr.	Republic of Peru
34	Eurobank	Mar	\$80	10-yr.	Republic of Peru
91	Eurobank	Mar	\$1,000	8-yr.	Consorzio di Credito per le Opere Pubbliche (Italy)
19	Anglo-Romanian Bank Eurobank	Mar	\$60	Tanker finance	Rederi A/S Julian (Helmar Reksten)
48	Eurobank	Mar	\$500 EC	N.A.	Greater London Council
76	Eurobank	Mar	\$200	5-yr. RC	Central Bank of the Philippines
27	Moscow Narodny	Mar	\$110	Medium- term	Dubai Dry Dock Co. Ltd. (Dubai)
19	Eurobank (co-mgr) Bank PKO (Paris) IBEC Moscow Narodny	Mar	\$45 EC	7-yr.	Bulgarian Foreign Trade Bank
15	Eurobank	Apr	\$20	Medium- term	K/S Dyvi Drilling A/S (Norway)
106	Eurobank	Apr	\$300 MC	7-yr.	Instituto Nacional de Industria (Spain)
17	Hungarian International Bank	Apr	\$25	Medium-term	Mercantile Credit Co. Ltd.
38	National Bank of Hungary	Apr	\$40 B	12-yr.	European Investment Bank
60	National Bank of Hungary	Apr	\$12 B	15-yr.	Mitsubishi Rayon Co., Ltd. (Japan)
41	Eurobank	Apr	\$100	10-yr.	Republic of Argentina
26	Eurobank	Apr	\$50	2-yr. RL	Venezolana del Nitrogeno C.A. (Venezuela)
16	Eurobank	Apr	\$20	8-yr.	Republic of Senegal
18	Eurobank	Apr	\$30	7-yr.	Bank Handlowy w Warszawie (Poland)
13	Banque Franco-Roumaine Central Wechsel	Apr	\$50	8-yr.	National Bank of Hungary
N.A.	Wozchod Handelsbank	May	SF 8 (\$3)	15-yr.	SEAS (Denmark)
38	Eurobank Banque Franco-Roumaine	May	\$300	7-yr.	Kingdom of Denmark
30	Eurobank	May	\$200	10-yr.	Democratic Republic of Sudan
12	Eurobank	May	\$22	Term loan	Societe Nationale d'Electricite (Zaire)
88	Eurobank Vneshtorgbank IBEC Bulgarian Foreign Trade Bank	May	\$1,500	Medium- term	Republic of France
40	Eurobank	May	\$500	10-yr.	Electricite de France
14	Mitteuropaische (co-mgr) Bank PKO (Paris) Eurobank Central Wechsel	May	\$40 EC	Medium- term	Bank Handlowy w Warszawie (Poland)

APPENDIX D

PUBLICIZED SOVIET AND EAST EUROPEAN PARTICIPATION IN EURODOLLAR LOANS  
IN 1974 AND 1975<sup>1</sup>  
(Continued)

Participating Banks					
Total Number	Soviet and/or East European Banks	Announced	Value <sup>2</sup>	Term <sup>3</sup>	Recipient
35	Eurobank Moscow Narodny Wozchod Handelsbank Anglo-Romanian Bank Banque Franco-Roumaine Bulgarian Foreign Trade Bank Hungarian International Bank Zivnostenska Banka Havana International Bank (co-mgr) IBEC	May	DM 150 (\$59)	5-yr.	Banco Nacional de Cuba
19	Eurobank	Jun	\$100	10-yr.	Gaz de France
N.A.	Eurobank	Jun	\$40 B	2-maturities	Banque Francaise du Commerce Exterieur
	National Bank of Hungary		(\$20 B) (\$20 B)	(15-yr.) (7-yr.)	
28	Eurobank	Jun	\$100	10-yr.	Comision Federal de Electricidad (Mexico)
10	Eurobank	Jun	\$35	10-yr.	Imatran Voima Osakeyhtio (Finland)
N.A.	Eurobank	Jun	\$100 MC	10-yr.	Bank of Finland
34	Eurobank	Jun	\$80	10-yr.	Republic of Peru
20	Eurobank	Jun	\$55	12-yr.	Telecomunicacoes de Minas Gerais (Brazil)
12	Eurobank	Jun	\$15	10-yr.	L'Office du Chemin de Fer Transgabonais (Gabon)
N.A.	Eurobank	circa	\$1,200	N.A.	Mediobanca (Italy)
	Vneshtorgbank	Jun			
	IBEC				
N.A.	Eurobank	Jun	\$50	Medium-term	GIS Groupement de L'Industrie Siderurgique
8	Eurobank	Jun	\$8.9	Medium-term	Jugoslovenska Poljoprivredna Banka (Yugoslavia)
	Moscow Narodny				
22	Eurobank	Jul	\$100	8-yr.	Republic of Argentina
15	Eurobank	Jul	\$42	Term loan	Autopistas de Cataluna y Aragon (Spain)
N.A.	Eurobank	Jul	\$25	12-yr.	Caisse Centrale de Co-operation Economique
17	Eurobank	Jul	\$50 MC	7-yr.	Oy Wilh. Schauman AB (Norway)
30	Eurobank	Jul	\$60	N.A.	Indonesian State Oil Co. (Pertamina)
9	Anglo-Romanian Bank	Jul	\$30	3-yr. RC	First National Holding, Atlanta, GA (US)
13	Eurobank	Aug	\$30	7-yr.	Creusot-Loire (France)
32	Eurobank	Aug	\$150	10-12-yr.	National Highway Department of the Fed. Rep. of Brazil
16	Eurobank	Aug	\$35	8-yr.	Bank Handlowy w Warszawie (Poland)
	Moscow Narodny				
N.A.	Eurobank	Sep	\$4.5	Medium-term	Centrais Electricas de Golas Brazil
22	Eurobank	Sep	\$60	10-yr.	Republic of Ivory Coast
14	Moscow Narodny (Beirut)	Sep	\$20	7-yr.	Dem. Republic of Sudan
6	Eurobank	Oct	\$15	8½-yr.	Zeljeznicko Transportno Poduzece Zagreb (Yugoslavia)
16	Eurobank	Oct	DM 87.5 (\$34)	Medium-term	Metalurski Kombinat Zeljezara Sisak (Yugoslavia)
10	Eurobank	Oct	\$18	10-yr.	Metalurski Kombinat Smederevo (Yugoslavia)
37	Moscow Narodny (co-mgr)	Oct	\$518	N.A.	Krsko Nuclear Power Plant (Yugoslavia)
	Eurobank				
	Bank Russo-Iran				
	East-West United Bank				

APPENDIX D

PUBLICIZED SOVIET AND EAST EUROPEAN PARTICIPATION IN EURODOLLAR LOANS  
IN 1974 AND 1975<sup>1</sup>  
(Continued)

Participating Banks					
Total Number	Soviet and/or East European Banks	Announced	Value <sup>2</sup>	Term <sup>3</sup>	Recipient
37	(Continued) Ost-West Handelsbank Donaubank Hungarian International Bank Zivnostenska Banka				
7	Eurobank	Oct	\$30	Medium-term	Petroleo Brasileiro S.A.
19	Eurobank	Nov	\$40 MC	N.A.	Kooperativa Forbundet (Sweden)
6	Eurobank	Nov	\$10	8-yr.	Servicios Electricos Del Gran Buenos Aires- "SEGBA" (Argentina)
12	Eurobank	Nov	\$40	10-yr.	Superfos A/S (Vedback-Denmark)
16	Eurobank	Dec	\$45	Medium-term	Banco Nacional de Obras y Servicios Publicos S.A. (Mexico)
N.A.	Moscow Narodny	Dec	\$25	5-yr.	Isselford Power Company (Hellerup, Denmark)
27	Eurobank	Dec	\$100	8-yr.	National Highway Dept. of the Fed. Rep. of Brazil
15	Moscow Narodny (co-mgr)	Dec	\$100	5-yr.	USSR Foreign Trade Bank
35	Eurobank Ost-West Handelsbank	N.A.	\$100	9-yr.	Central Bank of Egypt
1975					
N.A.	Eurobank (co-mgr)	Jan	\$60	5½-yr.	International Bank for Economic Cooperation (CEMA)
16	Eurobank	Jan	\$150	7-yr.	Frigg Gas Field Development (Norway)
14	Eurobank	Jan	\$150	7-yr.	Frigg Gas Field Transportation System (Norway)
5	Ost-West Handelsbank	Jan	DM 50 (\$20)	Medium-term	Petroleo Brasileiro S.A.
34	Eurobank East-West United Bank Wozchod Handelsbank	Feb	\$100	5-yr.	National Bank of Hungary
16	Eurobank	Feb	DM 80 MC (\$35)	5-yr.	Autopista Vasco-Aragonesa (Spain)
20	Eurobank	Feb	\$37	5-yr.	Five Star Navigation Co., Ltd. (Japan)
4	Eurobank	Feb	FF1,500 (\$360)	10-yr.	Banco Nacional de Cuba
N.A.	Eurobank (co-mgr)	Mar	\$15	7-yr.	Bulgarian Foreign Trade Bank
5	Eurobank	Mar	\$30	N.A.	Intercontinental Quimica S.A. (Spain)
32	Eurobank	Mar	\$140	10-yr.	Malaysian International Shipping Corp.
N.A.	Eurobank (co-mgr)	Mar	\$12.9	8-9½-yr.	FENI Nickel Project (Yugoslavia)
N.A.	Moscow Narodny (co-mgr)				
N.A.	Eurobank (co-mgr)	Mar	\$11.6	N.A.	FENI Nickel Project (Yugoslavia)
N.A.	Moscow Narodny (co-mgr)	Mar	\$50	5-yr.	Deutsche Aussenhandelsbank (East Germany)
48	Moscow Narodny (co-mgr)	Mar	\$140	Medium-term	State of Sao Paulo (Brazil)
	Eurobank East-West United Bank Ost-West Handelsbank Donaubank				
14	Eurobank	Mar	\$20	7-yr.	Groupement pour le financement des ouvrages de batiment travaux publics et activites annexes (France)
34	Moscow Narodny Hungarian International Bank	Mar	\$64	Medium-term	Mitsubishi International S.A. (Japan)

APPENDIX D

PUBLICIZED SOVIET AND EAST EUROPEAN PARTICIPATION IN EURODOLLAR LOANS  
IN 1974 AND 1975<sup>1</sup>  
(Continued)

Participating Banks					
Total Number	Soviet and/or East European Banks	Announced	Value <sup>2</sup>	Term <sup>3</sup>	Recipient
40	Eurobank	Apr	\$100	10-yr.	Republic of Argentina
48	Eurobank	Apr	\$300	5-yr.	Electricite de France
10	Eurobank	May	\$35	10-yr.	Imatran Voima Osakeyhtio (Finland)
50	Eurobank (co-mgr)	May	\$250	5½-yr.	USSR Foreign Trade Bank
	Moscow Narodny				
	Anglo-Romanian Bank				
	Banque Franco-Roumaine				
18	East-West United Bank	May	\$50	5-7-yr.	City of Sao Paulo (Brazil)
36	East-West United Bank	May	\$240	5-yr.	Bank Handlowy w Warszawie (copper loan) (Poland)
N.A.	Eurobank (co-mgr)	Jun	\$70	5½-yr.	International Investment Bank (CEMA)
32	Hungarian International Bank	Jun	\$150	5-yr.	Instituto de Credito Oficial (Spain)
8	Eurobank	Jun	\$50	8-yr.	Bank Handlowy w Warszawie (Poland)
	Bank PKO (Paris)				
17	Eurobank	Jun	\$50	5-yr.	Bank Handlowy w Warszawie
	East-West United Bank				
	Bank PKO (Paris)				
102	Central Wechsel	Jul	DM 100 B (\$43)	6-yr.	National Bank of Hungary
	Hungarian International Bank				
	Moscow Narodny				
22	Eurobank	Jul	\$50	7-yr.	Petroleos del Peru
15	Moscow Narodny (Beirut)	Jul	\$55	Medium-term	Republic of Indonesia
	Moscow Narodny (Singapore)				
37	East-West United Bank	Aug	\$100	5-yr.	Nacional Financiera S.A. (Mexico)
	Central Wechsel				
57	Eurobank	Aug	\$150	Medium-term	Rede Ferroviaria S.A. (Brazil)
10	Eurobank	Aug	\$40	6-yr.	Westburne International Drilling Ltd. (Canada)
42	Eurobank	Aug	DM 250 (\$106)	5-yr.	Banco Nacional de Cuba
	Moscow Narodny				
	Ost-West Handelsbank				
	Bank Russo-Iran				
	East-West United Bank				
	Banque Franco-Roumaine				
	Central Wechsel				
	Hungarian International Bank				
	Litex Bank				
	IBEC				
11	Eurobank	Aug	\$10	Medium-term	Bank Pars Teheran (Iran)
	Moscow Narodny				
73	Moscow Narodny (Beirut)	Aug	\$500	5-yr.	Central Bank of Iraq
	Eurobank				
	Litex Bank				
	Wozchod Handelsbank				
13	East-West United Bank	Aug	\$35	7-yr.	Veitsiluoto Osakeyhtio (Finland)
29	Moscow Narodny (Beirut)	Aug	\$50	N.A.	Central Bank of Oman
33	Eurobank	Aug	\$200	Medium-term	Kingdom of Morocco
48	Eurobank	Aug	\$200	5-yr.	Bank of Greece
	East-West United Bank				
24	Eurobank	Sep	\$100	5-yr.	Telefonos de Mexico S.A.
10	Eurobank	Sep	\$10 MC	7-yr.	Oy Wilh. Schauman A.B. (Norway)

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# APPENDIX D

## PUBLICIZED SOVIET AND EAST EUROPEAN PARTICIPATION IN EURODOLLAR LOANS IN 1974 AND 1975<sup>1</sup> (Continued)

Participating Banks					
Total Number	Soviet and/or East European Banks	Announced	Value <sup>2</sup>	Term <sup>3</sup>	Recipient
40	Eurobank (assisted) Litex Bank Moscow Narodny (Beirut)	Sep	\$100	7-yr.	Sonatrach (Algeria)
27	East-West United Bank	Sep	\$50	5-yr.	Republic of Brazil
N.A.	Moscow Narodny Wozchod Handelsbank	Sep	\$30	5-yr.	Republic of Brazil
9	Eurobank Moscow Narodny Bank Russo-Iran	Sep	\$50	term loan	Rudarsko Metalurski Kombinat Zenica (Yugoslavia)
21	Eurobank Bank PKO (Paris) IBEC	Sep	\$25 EC	5-yr.	African Development Bank
27	East-West United Bank	Oct	\$50	5-yr.	Republic of Brazil
29	Vneshtorgbank (co-mgr) Eurobank	Oct	\$150	5-yr.	BOTAS (oil pipeline loan) (Turkey)
10	Moscow Narodny	Oct	\$13.5	5-yr.	Government of Bolivia
15	Wozchod Handelsbank	Oct	\$28	Medium-term	Petroleo Brasileiro S.A.
6	Eurobank	Oct	\$10	5-yr.	Empresa Nacional de Autocamiones S.A. (Pegaso) (Spain)
22	Eurobank	Oct	\$150	Medium-term	Republic of Peru
51	East-West United Bank Wozchod Handelsbank	Oct	\$150	Medium-term	Nacional Financiera S.A. (Mexico)

1. Publicized loans through October 1975.

2. In million US \$, unless otherwise indicated; LB=Lebanese pounds; SF=Swiss francs; DM=Deutsche marks; MC=Multicurrency loan; EC=Eurocurrency loan; B=bond issue; D=debenture.

3. RC=revolving credit; RL=renewable loan.

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